

SOUTHEND-ON-SEA CITY COUNCIL

Meeting of Cabinet

Date: Thursday, 9th November, 2023

Place: Committee Room 1 - Civic Suite

Present: Councillor T Cox (Chair)
Councillors M Davidson (Vice-Chair), J Courtenay, J Moyies and
D Nelson

In Attendance: Councillors B Beggs and D Cowan
K Sawyer, M Harvey, C Gamble, A Richards and N Laver

Start/End Time: 6.30 - 6.40 pm

52 Apologies for Absence

Apologies for absence were received from Councillors Boyd, Buck, Garston, Jarvis and Lamb.

53 Declarations of Interest

The following declaration of interest was made:

(a) Councillor Cox – Minute 54 (Update on SUFC – Land Transactions) – Season ticket holder at SUFC.

54 Update on Southend United Football Club - Land Transactions

The Cabinet considered a joint report of the Executive Director (Environment and Place) and Executive Director (Finance and Resources) requesting that consideration be given to land transaction issues associated with Southend United Football Club.

The Chair agreed that this matter be taken as an urgent matter as the consortium was seeking a decision by Cabinet in advance of the proposed sale and purchase of the Southend United Football Club, proposed for completion on 17th November 2023.

Resolved:

1. That it be noted that a future report detailing changes to the current contractual position will be required to facilitate the proposed sale and purchase of Southend United Football Club (SUFC) by the consortium.

2. That it be noted that the proposal is for the element of the development which would be subject to annuity leases to the Council to be consolidated at Fossetts Farm (with no element at Roots Hall) and that it is likely to comprise up to 911 apartments and up to 400 family homes (semi-detached, terraced and town-housing, not apartments). As part of the land transaction, Cabinet will require 30% affordable housing to be achieved across the development (revised unit mix to be agreed).

3. That the development be designed specifically as a high quality build-to-rent community with ancillary and associated commercial and amenity provision with sizes and specifications of all accommodation aligned to the target rents.

4. That it be noted that the transaction will need to be structured in a way that viability can be tested at the time of funding, this is due to the relationship between construction cost, gilt rates (and therefore funding rates), market dynamics and rental levels.

5. That it be noted that new planning applications will need to be considered by the Council as Local Planning Authority in due course.

6. That, as part of the planning application, the Council requires the developer to achieve Passivhaus or equivalent sustainability credentials for any new housing which is to be leased by the Council.

7. That it be noted that the Council's land holding at 291-297 Victoria Avenue, adjacent to Roots Hall is surplus to Council's requirements and will no longer be required in connection with the linked transactions and may assist with the redevelopment and viability of Roots Hall. Therefore, the Executive Director (Finance and Resources) be instructed to carry out the relevant due diligence on the land and title to prepare the land for sale.

8. That in relation to resolution 7 above, the agreement of the method and terms of sale be delegated to the Cabinet Member for Regulatory Services, in consultation with Executive Director (Finance and Resources).

9. That it be noted that the transfer of the Council's interest in the land on which the SUFC Shop is situated at 299-301 Victoria Avenue will be dealt with, if required, under delegated authority.

10. That officers be requested to work with retained advisers to negotiate changes to the transactions with the aim of meeting the requirements of the council, the consortium, the developer and the funder and having regard to the needs of the future community. A further report will be presented to Cabinet if and when terms satisfactory to all parties are agreed in principle and all relevant due diligence completed.

Reasons for decision:

Changes to the transactions will be required if the Council is to play its part in facilitating the sale and purchase of the club – but only on the basis that the changes to the transaction are also in the best interest of the Council and subject to all relevant due diligence.

Other options:

1. The Cabinet could decide not to vary the terms of the transaction with the club on the understanding that this would not facilitate the redevelopment of the sites under the proposed new arrangements and may put the sale of the club at risk.

2. The Cabinet could decide that the financial risks involved are beyond a level which it is prepared to consider and request that officers do not pursue changes to the agreements. This may have the effect of further stalling the developments and the sale of the club.

Note: This is an Executive Function
Not eligible for call-in as the matter is an urgent item.
Cabinet Members: Cllr Cox and Cllr Garston.

Chair: _____